

Transportation Summit Planning Meeting

October 27, 2003

Federal and State
Transportation Funding

A brief overview

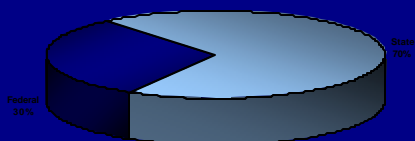
1

Highway, Road, and Street Funding

2

Federal and State Funding for Highways in Michigan

In 2003 \$2.9 Billion available for Roads



3

Highway Federal Aid

- Not cash! Not a grant, or appropriation, either.
- Authorization – apportionment – obligation limit – reimbursement
- Usable only on federal-aid roads (except for Bridge program)
- Michigan law requires most federal aid be split 75/25 percent between state & local units.

4

Six "Core" Programs

- Account for almost all federal highway aid
- Each has its own formula dividing aid among the states
- Sum of formulas determines a state's return
- Most aid is 80% reimbursement

5

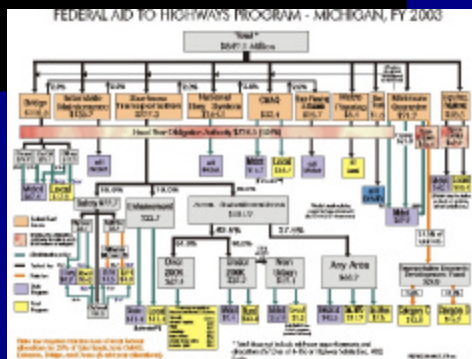
- Surface Transportation Program (STP)
 - \$227.3 million
- National Highway System (NHS)
 - \$164.1 million
- Interstate Maintenance
 - \$135.2 million
- Bridge Replacement and Rehabilitation
 - \$115.3 million
- Congestion Mitigation and Air Quality Improvement Program (CMAQ)
 - \$33.4 million
- Minimum Guarantee- \$91.9 million

6

Other Programs

- State Planning and Research
 - 2% takedown from each core program
- Metro Planning
- Recreational Trails
- High Priority Projects
- Discretionary Programs
 - IM, Bridge, Border/Corridor, ITS, TCSP, etc.
 - Michigan would do better if these were formulas

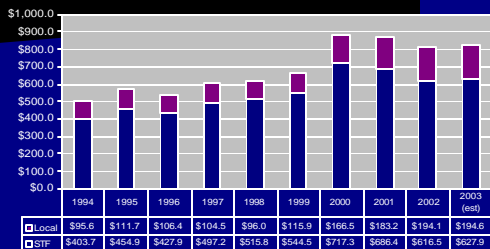
7



8

10 Year Federal Revenue Trend - STF

(In millions)



9

Michigan Transportation Fund

- Receives motor-fuel tax and vehicle-registration revenue
- Constitutionally restricted to highways and transit
- After deducting cost of collections: FY 2003 approximately \$105 million/year for Departments of State and Treasury

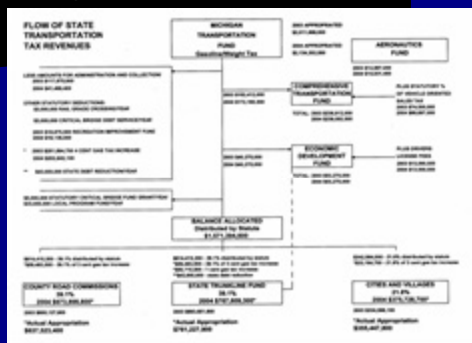
10

State Transportation Funding

- Act 51 of 1951, as amended
- MTF divided primarily four ways –
 - State Trunkline Fund
 - Comprehensive Transportation Fund
 - County road commissions
 - Cities and villages
- "The Formula" is not a single 4-way split

11

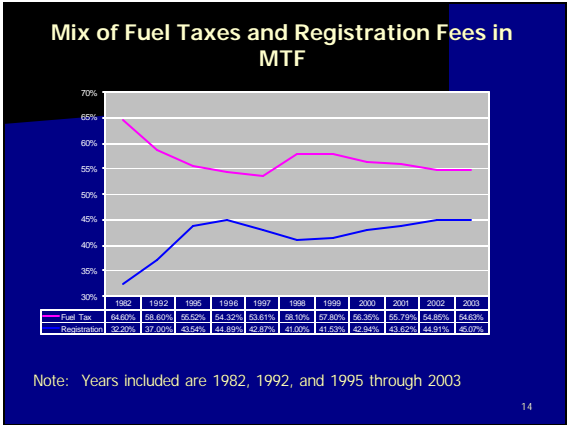
Michigan Transportation Fund Formula



12

FY 2004 MTF Revenue Sources (In millions)

Revenue Source	Amount (\$)	Percentage (%)
Gasoline Tax	\$950.0	47.62%
Motor Vehicle License Tax	\$890.0	42.25%
Fuel Tax	\$139.0	6.91%
Diesel and Motor Carrier	\$6.1	0.30%
Miscellaneous	\$6.1	0.30%
Liquefied Petroleum Gas Tax	\$1.0	0.05%



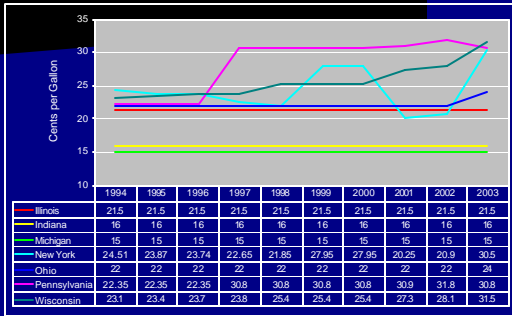
Ten Year Comparison of Gasoline Tax For Michigan and Surrounding States

The graph displays the gasoline tax in cents per gallon for Michigan and its surrounding states (Illinois, Indiana, New York, Ohio, Pennsylvania, and Wisconsin) from 1994 to 2003. Michigan's tax is consistently higher than most surrounding states, with a notable increase in 2003. The data is as follows:

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Illinois	19	19	19	19	19	19	19	19	19	19
Indiana	15	15	15	15	15	15	15	15	15	18
Michigan	22	22	22	22	22	22	22	22	22	24
New York	22.85	23.82	21.72	22.8	22.85	23.3	23.3	22	22.8	31.7
Ohio	22	22	22	22	22	22	22	22	22	24
Pennsylvania	22.35	22.35	22.35	25.9	25.9	25.9	25.9	26	26.6	25.9
Wisconsin	23.1	23.4	23.7	23.8	26.4	26.4	26.4	27.3	28.1	31.6



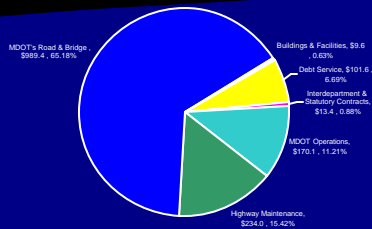
Ten Year Comparison of Diesel Tax For Michigan and Surrounding States



16

FY 2004 State Trunkline Fund Appropriated Expenditures

Excluding Local Programs (In millions)



Total Appropriation \$1,518.1 million

17

Federal and State Transit Funding

18

Federal Transit Funding

- \$100 million/yr to Michigan under five "Core" programs
- Both formula and discretionary programs
- Grants awarded to State DOTs and local transit agencies directly

19

Five "Core" Programs

- 5307 Urbanized Area Formula Grants
 - \$66.8 million to 19 eligible Michigan agencies
- 5309 Capital Investment Grants
- 5310 Elderly & Persons with Disabilities Grants
 - \$2.9 million in 2003 to 30 eligible agencies
- 5311 Non-Urbanized Area Formula Grants
 - \$8.9 m in 2003 for 72 Michigan agencies
- Job Access Reverse Commute Grants (Section 3037)
 - \$1.9 million in 2003 to 2 eligible agencies

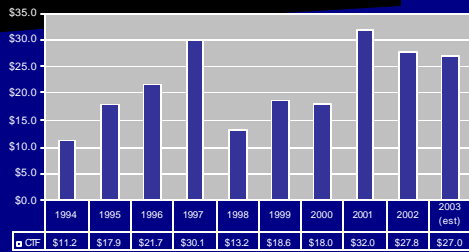
20

Highlights of State Transit Funding

- Comprehensive Transportation Fund (CTF), as created by Act 51, plus CTF bond revenues
- \$160 m/yr for part of annual operating costs of urban and rural transit
- \$30 m/yr to match federal capital grants
- \$3 m/yr to match Job Access Reverse Commute
- CTF also used to match planning, research and technical assistance grants

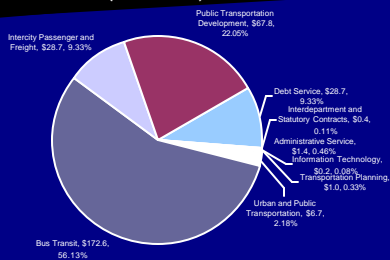
21

10 Year Federal Revenue Trend – CTF (In millions)



22

FY 2004 Comprehensive Transportation Fund Appropriated Expenditures (In millions)



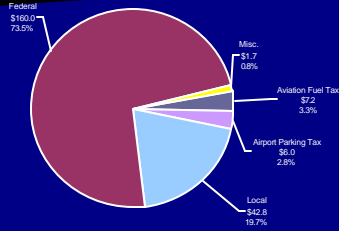
Total Appropriations \$ 307.5 million

23

Federal and State Aeronautics

24

FY 2004 Aeronautics Revenue Sources (In millions)



Total Revenue \$229.7 million

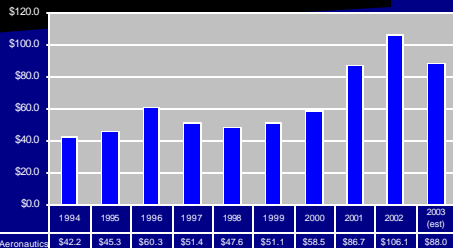
25

Aviation Funding

- In Michigan all aviation projects and programs are funded with state, local and federal monies
- The three largest federally funded programs are:
 - Airport Improvement Program - \$130 million
 - Essential Air Service Program - \$1.4 million
 - Small Community Air Service Development Program - \$1.3 million

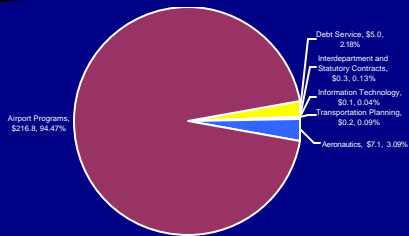
26

10 Year Federal Revenue Trend - Aeronautics (In millions)



27

FY 2004 Aeronautics Appropriated Expenditures (In millions)



Total Appropriations \$229.6 million

28

What Does \$1 Million Dollars buy?

- 3 1/3 "urban" buses
- 1/10 mile of a 8 lane highway
- 2 1/2 miles of new railroad track
- 1/2 mile of runway for a General Aviation Airport
- 2 1/2 miles of resurfacing a rural 2 lane road

29

In conclusion

- Transportation Funding is complex with numerous restrictions
- Constitutional Restricted Transportation Revenue maintain Transportation Program Focus
- One Unanswered Question – Can Revenue based on 20th Century assumptions fund a 21st Century Transportation System?

30